



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

Office of the Executive Officer
Barry R. Wallerstein, D. Env.
909.396.2100, fax 909.396.3340

July 30, 2010

Mr. Jared Blumenfeld
Regional Administrator
US EPA, Region IX
75 Hawthorne St
San Francisco, CA 94105
Via email: blumenfeld.jared@epa.gov

RE: GHG Tailoring Rule and Delegation of Authority for Implementation

Dear Mr. Blumenfeld:

The South Coast Air Quality Management District (District) staff is submitting this letter to satisfy the requirements listed under Sections IV.C and V.C.5 of the Prevention of Significant Deterioration (PSD) and Title V Greenhouse Gas (GHG) Tailoring Rule (75 FR 31514, June 3, 2010). These sections of the Tailoring Rule require that states (or local districts in the case of California) submit information explaining whether they will apply the term “subject to regulation,” and whether they need to undertake a regulatory or legislative process to implement the Tailoring Rule.

As background, the District is presently implementing the PSD program under a Partial Delegation from EPA Region IX, where the District implements its Regulation XVII – PSD to satisfy the federal PSD program. The District’s Regulation XVII is presently not submitted to EPA for approval into the SIP. With respect to the implementation of the Tailoring Rule, District staff does not intend to apply the “subject to regulation” term, but instead to amend our local rules implementing Title V and PSD. The requirements of the GHG Tailoring rule will be incorporated into our PSD and Title V Permit rules, Regulations XVII and XXX, respectively, by amending those Regulations no later than our December 3, 2010 Governing Board meeting. The District has the authority to undertake such rulemaking. We cannot, however, guarantee that our Board will take final action on the proposal prior to the end of this calendar year. Staff will coordinate closely with EPA in the development of the amendments.

Staff intends to submit the amended PSD rules with the GHG provisions included, and our amended Title V rules, for inclusion into the SIP. It is the opinion of District staff that amendments to our Title V provisions cannot be implemented without final action on the part of US EPA. This is because California Health & Safety Code section 42301.12(a)(2) provides that a district shall issue permits to Title V sources only after EPA has approved the district's program. For the period from January 2, 2011 until July 2011 we do not expect this to be an issue because we will only be adding federal GHG requirements to existing Title V source permits that are undergoing revisions or renewals. Our understanding is that there are no such requirements; i.e. the Mandatory Reporting Rule is not an "applicable requirement." However, if we were to issue a PSD and Title V permit to a new or modified source that is already subject to PSD and Title V (i.e. an "Anyway Source"), then this will be an issue since we will not be able to implement the GHG requirements if the new source or modification results in a net emission increase of 75,000 tons per year of GHGs (CO₂e). Therefore, we respectfully request that EPA act as quickly as possible on our Title V and PSD amendments so that we will be ready to implement Title V and PSD requirements for GHG sources as contemplated by the Tailoring Rule. Also, until a final SIP approval for our PSD rules is granted by EPA, we believe that further delegation of authority to the District by EPA would be necessary for the District to implement the federal GHG provisions in PSD permits upon amendment of the District's Regulation XVII.

Please direct questions regarding this matter to Ms. Jill Whynot, Director of Strategic Initiatives, jwhynot@aqmd.gov or (909) 396-3104. Thank you for your attention to this matter.

Sincerely,

Barry R. Wallerstein / by F.R.W.

Barry R. Wallerstein, D.Env.
Executive Officer

cc: Deborah Jordan, US EPA, Region IX
Kurt Wiese, AQMD
Barbara Baird, AQMD
Mohsen Nazemi, AQMD
Elaine Chang, AQMD
Laki Tisopulos, AQMD
Jill Whynot, AQMD

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